GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:163
ANSWERED ON:28.11.2016
SEZ Policy
Gawali (Patil) Ms. Bhavana

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the salient features of the current Special Economic Zones (SEZ) Policy;

(b) the details of the concessions including tax concessions and the associated benefits being provided to SEZs and the units established thereunder;

(c) whether the Government proposes to review the issue of broadening the range of tax concessions for SEZs;

(d) if so, the details thereof along with the steps taken by the Government in this regard; and

(e) the details of the investments made in SEZs so far and the employment generated as a result thereof along with the steps being taken to ensure maximum investment in SEZs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

a) to e): A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.163(H) FOR ANSWER ON 28th NOVEMBER, 2016 REGARDING "SEZ POLICY"

(a): The salient features of the SEZ Policy as per The Special Economic Zones Act, 2005 are: -
(i) SEZ is a designated duty free enclave to be treated as a territory outside the customs territory of India ;
(ii) SEZ Developers and Units will have Direct Tax and Indirect Tax concessions as prescribed in the SEZs Act, 2005.
(iii) No licence will be required for import of inputs for operations in SEZ ;
(iv) Domestic sales by SEZ units will be subject to applicable customs duties and Foreign Trade Policy in force;
(v) SEZ units will have freedom for subcontracting;
(vi) No routine examination by customs authorities of export/import cargo;
(vii) The Unit in SEZ shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production;

(b): Main fiscal concessions and duty benefits allowed to SEZ developers and units are as follows:
i. Exemption from Central Sales Tax.
ii. Exemption from Service Tax.
iii. Exemption from Income Tax for 15 years as per Income Tax Act
iv. Duty free import/domestic procurement of goods
v. Exemption from State sales tax and other levies as extended by the respective State Governments.

(c) & (d): There is no proposal at present for broadening the range of tax concessions for SEZs.

(e): As on 30.09.2016, an investment of Rs 4,06,690 crore has been made in different SEZs and an employment for about 16.88 lakh persons has been generated. The following initiatives have been taken in recent years for promotion of investment in SEZs:

i. Minimum Land Area requirement for setting up of new SEZs has been reduced to 50% for Multi-product and Sector-specific SEZs.
ii. Sectoral broad-banding has been introduced to encompass similar / related areas under the same Sector.
iii. A new sector "agro-based food processing" sector has been introduced to encourage agro-based industries in SEZs.
iv. Dual use of facilities like Social & Commercial infrastructure by SEZs and non-SEZs entities has been allowed in order to make SEZ operations more viable.
v. Online processing of various activities relating to SEZ Developers and Units has been introduced for improving ease of doing business

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